

Singapore

ADD (no change)

Consensus ratings*: Buy 4 Hold 4 Sell 1

Current price:	S\$2.99
Target price:	S\$3.45
Previous target:	S\$4.47
Up/downside:	15.4%
CGS-CIMB / Consensus:	-19.8%
Reuters:	SATS.SI
Bloomberg:	SATS SP
Market cap:	US\$2,353m
	S\$3,361m
Average daily turnover:	US\$9.07m
	S\$12.83m
Current shares o/s:	1,121m
Free float:	59.8%

*Source: Bloomberg

Key changes in this note

- Reduce FY23F/24F/25F EPS by 79.8%/15.6%/17.0%.
- Change in valuation methodology.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	-26	-23.3	-28.1
Relative (%)	-23.9	-23.9	-29.7

Major shareholders	% held
Temasek Holdings	39.8

Analyst(s)

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SATS Ltd

Exploring funding options

- In this report, we explore bear-bull scenarios of funding options for SATS's S\$1.82bn acquisition of WFS with potential TPs of S\$3.05 to S\$3.84.
- Our base-case funding structure: S\$300m cash, 20% debt, 20% equity-linked instruments and c.40% of EFR with no strategic investors.
- Our TP of S\$3.45 is based on 18x CY24F SATS's BAU net profit as well as WFS refinanced profit. 18x is -0.5 s.d. of its 2013-2018 pre-Covid average.

Earnings downgrade as opex expected to remain elevated

Despite a strong recovery in the aviation industry, the reopening of Changi Airport Terminal 2 and 4 in 2QFY3/23F is likely to translate to higher staff costs ahead of the peak end-of-year travel season, which will stall SATS's pace of earnings recovery in the near term. As such, we cut SATS's earnings for FY23F by 79.8% to S\$6.9m, mainly to account for a wider net loss in 2Q23F. We also tone down our FY24F/25F earnings by 15.6%/17.0% as we expect lower EBIT margins of 7.1%/8.8% from 8.6%/10.8% respectively.

A base-case scenario seems palatable for long-term investors

Our base case assumes the following: (1) S\$300m funded with internal cash, (2) 40% funded by hybrid instruments (c.S\$728m) with 50:50 split in debt-equity classification and an interest rate of 4%, as well as (3) a 3% decline in interest rates from refinancing outstanding WFS debt of S\$1,468m without the involvement of any strategic investors (Fig 1). The scenario will require an equity fund-raising of c.S\$792m, which will lead to negligible EPS dilution assuming a flat-lined earnings contribution of S\$36m from WFS in CY24F (ex. interest expense) and a right subscription price of 30% below current market price of S\$3.00. We then derive an equity fair value of S\$3.19 based on 18x consolidated earnings of SATS and WFS in CY24F (i.e. S\$265.5m), translating to a target price of S\$3.45 after adjustments for expanded share base post rights issuance.

Re-rating catalysts and downside risks to look out for

Although the availability of funding options can mitigate the dilutive impact to EPS from a full-on EFR, we recognise the potential downside risks given the size of the deal and lack of transparency on WFS's financials. The rising interest rates could erase potential finance cost savings on new debt taken up, while a slowdown in cargo volumes under a recessionary environment could hamper WFS's profitability. Nevertheless, re-rating catalysts include potential involvement of strategic investors in WFS, reaping of operational synergies between SATS and WFS, and more favourable rights issuance conditions that will improve accretion of WFS.

Maintain Add; TP cut to S\$3.45 from S\$4.47

Our TP of S\$3.45 is based on 18x CY24 P/E of consolidated earnings of S\$265m on the back of SATS' BAU net profit (S\$200m) and WFS's refinanced profit of S\$65m. We ascribe 18x on 0.5 s.d. or 10% to SATS's pre-Covid 2013-2018 trading range, reflecting a change in overall balance sheet position from net cash to net debt.

Financial Summary	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
Revenue (S\$m)	970	1,177	1,825	2,337	2,794
Operating EBITDA (S\$m)	120.3	77.1	161.2	334.6	394.4
Net Profit (S\$m)	(78.9)	20.4	6.9	153.1	215.5
Core EPS (S\$)	(0.02)	(0.01)	0.01	0.14	0.19
Core EPS Growth	(114%)	(65%)		2106%	41%
FD Core P/E (x)	NA	NA	485.1	22.0	15.6
DPS (S\$)	0.00	0.00	0.06	0.16	0.18
Dividend Yield	0.00%	0.00%	2.01%	5.35%	6.02%
EV/EBITDA (x)	23.06	37.79	18.88	8.90	7.46
P/FCFE (x)	9.25	NA	NA	25.37	25.75
Net Gearing	(11.9%)	(15.0%)	(2.3%)	0.4%	4.4%
P/BV (x)	2.16	2.09	2.17	2.21	2.19
ROE	(1.5%)	(0.5%)	0.4%	10.0%	14.1%
% Change In Core EPS Estimates			(79.8%)	(15.6%)	(17.0%)
CGS-CIMB/Consensus EPS (x)			0.14	0.79	0.80

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Exploring funding options

Introduction >

We deem a full-on EFR of S\$1.7bn (ex. S\$120m of funding from internal cash) for the acquisition of WFS too earnings dilutive for shareholders of SATS under normalised operating conditions. Given SATS's credit profile and balance sheet profile, we believe that there are alternative funding options available, including cash funding and other hybrid instruments that can include perpetual securities, and possibilities of strategic investors into WFS, alongside a proposed EFR.

Base case funding plan (Fig 2): illustration >

Internal cash funding: Given SATS's existing cash balance of S\$765.1m compared to its historical average cash balance of c.S\$450m between FY16–20, we think SATS can comfortably fork out up to S\$300m for the acquisition of WFS, without jeopardising its financial stability. This will reduce requirements for external fund-raising burden from S\$1.82bn to S\$1.52bn.

Figure 1: Historical cash balance suggests potential for higher cash funding

S\$m							Ave. cash pre-Covid (FY16-20)	Available cash	
	FY16	FY17	FY18	FY19	FY20	FY21	1H22		
Cash and short-term deposits	490	506	373	350	549	880	430	765	335
Net cash	380	398	267	254	134	202			

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Hybrid securities: We assume a debt load of S\$819m or 40% of the total consideration of S\$1.82bn in the form of hybrid instruments, such as perpetual securities which could be either classified as debt or equity with a 50:50 split between classifications, having the debt portion assume an interest rate of 4%. Alongside the refinancing of WFS's existing debt of c.S\$1,468m from the existing c.7-8% downwards to c.4% potentially, where SATS could reap interest savings of c.S\$30m.

EFR via rights issuance: A funding via EFR will then be required for the outstanding cost of S\$792m, which, at 30% discount to current share price of S\$3.00, will mean an expanded share base of c.34% and a negligible dilution on a flat-lined WFS earnings of S\$36m reported for LTM as of March 2022 as our base case.

WFS operations: We assume a run rate of S\$36m net profit as disclosed for FY3/22 to remain till FY3/25, on the back of 13.5% EBITDA margin. Operationally, this could be either stronger from higher volume/tonnage handled and revenue growth. Conversely, it can also weaken from inflationary pressure and weaker forex translation.

Impact and target price: The consolidated earnings of SATS and WFS of S\$265m translates to an ex-rights fair value of S\$3.45 at 18x PE, a 10% discount to SATS's pre-Covid multiple of 20x (Fig 2) due to its net debt position post-acquisition of WFS.

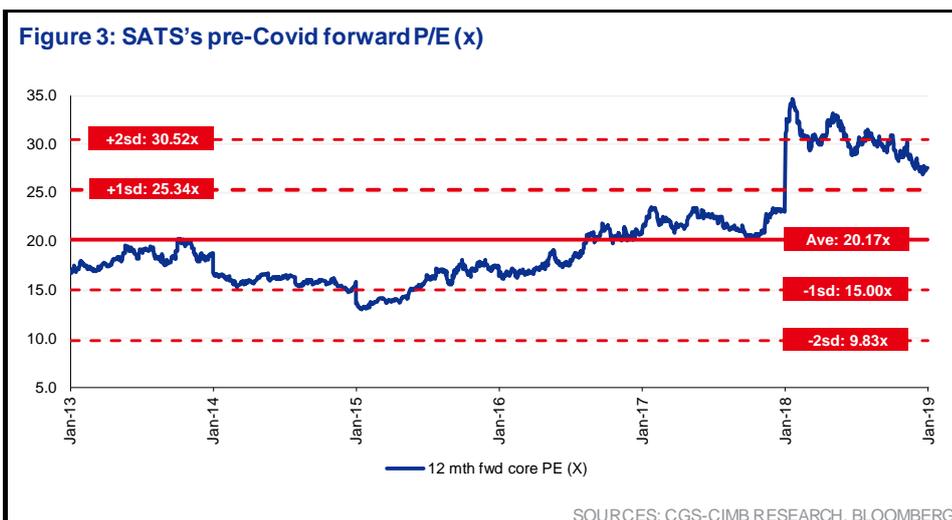
Figure 2: Base case funding structure

Funding structure		Remarks	
Total consideration	S\$m	1,820.0	
Cash			
Cash balance	S\$m	765.1	SATS 1Q23
Eye-balled for acquisition	S\$m	300.0	
Debt			
Outstanding debt	S\$m	839.8	SATS 1Q23
Inherited WFS debt	S\$m	1,468.0	Cost of funds c. 7-8%
Refinanced rate	%	4.0	
WFS debt	S\$m	1,468.0	Cost of funds c. 7-8%
Savings	S\$m	44.0	3% cost savings
Hybrid Securities			
Debt classification	S\$m	364.0	
Percentage funding	%	20.0	
Interest rate	%	4.0	
Interest expense	S\$m	14.6	
Equity classification	S\$m	364.0	
Percentage funding	%	20.0	
Total debt	S\$m	2,671.8	
Net gearing	x	0.74	
Total equity	S\$m	1,834.0	
Post-acquisition equity	S\$m	2,990.0	Add equity consideration for WFS
Equity			
Strategic investor	S\$m	0.0	Assumed at OpCo; can be at BidCo or OpCo.
Stake	%	0.0	
Equity fund-raising	S\$m	792.0	
Current share price	S\$	3.00	
Expected discount	%	30.0	For rights issuance
Subscription price	S\$	2.10	
New shares	millions	377.1	
Shares-to-rights ratio	x	3.0	
Expanded share base	millions	1,498.2	
Earnings profile			
SATS CY24 net profit	S\$m	200.0	Blended; FY3/24F: S\$153.1m, FY3/25F: S\$215.5m
Current outstanding shares	millions	1,121.1	
Pre-acquisition EPS	S cents	17.8	
WFS CY24 net profit	S\$m	65.5	
YoY change	%	0.0	
Consolidated net profit	S\$m	265.5	
Expanded EPS	S cents	17.7	
EPS accretion/(dilution)	%	(0.67)	

Summary		
Current share price, i.e. cost	S\$	3.00
Rights subscription price	S\$	2.10
Shares-to-rights ratio	x	3.0
Average cost	S\$	2.77
Upside/(downside)	%	15.0
Ex-rights fair value		
@ 16x PE	S\$	2.84
@ 17x PE	S\$	3.01
@ 18x PE	S\$	3.19
@ 19x PE	S\$	3.37
@ 20x PE	S\$	3.54
Average price to current price	x	0.92
Target price	S\$	3.45
Upside/(downside)	%	15.0

Base case		
Cash used	S\$m	300.0
Refinanced WFS interest rate	%	4.0
% of hybrid as debt	%	20.0
Interest rate on debt	%	4.0
% of hybrid as equity	%	20.0
Strategic investor stake	%	0.0
Discount to rights issue price	%	30.0
WFS EPS change	%	0.0

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS



Bear case (Fig 4) and bull case (Fig 5) funding plan ►

Our bear case funding plan requires slightly more than S\$1bn in EFR. This is a result of lower internal cash funding of S\$200m due to cash preservation, and lower funding fully from debt. Following which, the lower interest savings alongside an assumed deterioration of 20% in net profit contribution will lead to an earnings dilution of c.14%, with limited upside of post-rights fair value of S\$3.05 per share.

In a bull case scenario, we flush the classification of potential hybrid securities as equity entirely, which will reduce the impact on finance costs. We understand that discussions with strategic investors are also ongoing, and think that the best outcome of these talks would be an investment in the OpCo (WFS) level to maximise shareholders' value. We also believe that any stake sale of WFS to strategic investors should be valued at least at identical valuations. Coupled with a net profit improvement of 20%, the consolidated net profit of S\$270m has taken into account share of minority interest, and will result in a much more digestible EFR of S\$364m that provides an earnings accretion of c.14% with post-rights fair value of S\$3.84 per share.

We have held the interest rates on outstanding WFS loans as well as potential new debt to be issued at 4% given the credit quality of SATS. The expected discount of rights subscription price was also held at 30% as it would not have any impact on the potential upside/downside given the impact will be balanced out by the number of right shares to be issued. The only impact of a higher discount will be on the magnitude of EPS accretion of the acquisition.

Figure 4: Bear case funding structure

Funding structure		Remarks	
Total consideration	S\$m	1,820.0	
Cash			
Cash balance	S\$m	765.1	SATS 1Q23
Eye-balled for acquisition	S\$m	200.0	
Debt			
Outstanding debt	S\$m	839.8	SATS 1Q23
Inherited WFS debt	S\$m	1,468.0	Cost of funds c. 7-8%
Refinanced rate	%	4.0	
WFS debt	S\$m	1,468.0	Cost of funds c. 7-8%
Savings	S\$m	44.0	3% cost savings
Hybrid Securities			
Debt classification	S\$m	546.0	
Percentage funding	%	30.0	
Interest rate	%	4.0	
Interest expense	S\$m	21.8	
Equity classification	S\$m	0.0	
Percentage funding	%	0.0	
Total debt	S\$m	2,853.8	
Net gearing	x	0.79	
Total equity	S\$m	1,834.0	
Post-acquisition equity	S\$m	2,908.0	Add equity consideration for WFS
Equity			
Strategic investor	S\$m	0.0	Assumed at OpCo; can be at BidCo or OpCo.
Stake	%	0.0	
Equity fund-raising	S\$m	1,074.0	
Current share price	S\$	3.00	
Expected discount	%	30.0	For rights issuance
Subscription price	S\$	2.10	
New shares	millions	511.4	
Shares-to-rights ratio	x	2.2	
Expanded share base	millions	1,632.5	
Earnings profile			
SATS CY24 net profit	S\$m	200.0	Blended; FY3/24F: S\$153.1m, FY3/25F: S\$215.5m
Current outstanding shares	millions	1,121.1	
Pre-acquisition EPS	S cents	17.8	
WFS CY24 net profit	S\$m	51.0	
YoY change	%	-20.0	
Consolidated net profit	S\$m	251.0	
Expanded EPS	S cents	15.4	
EPS accretion/(dilution)	%	(13.82)	

Summary		
Current share price, i.e. cost	S\$	3.00
Rights subscription price	S\$	2.10
Shares-to-rights ratio	x	2.2
Average cost	S\$	2.72
Upside/(downside)	%	1.8
Ex-rights fair value		
@ 16x PE	S\$	2.46
@ 17x PE	S\$	2.61
@ 18x PE	S\$	2.77
@ 19x PE	S\$	2.92
@ 20x PE	S\$	3.08
Average price to current price	x	0.91
Target price	S\$	3.05
Upside/(downside)	%	1.8

Bear case		
Cash used	S\$m	200.0
Refinanced WFS interest rate	%	4.0
% of hybrid as debt	%	30.0
Interest rate on debt	%	4.0
% of hybrid as equity	%	0.0
Strategic investor stake	%	0.0
Discount to rights issue price	%	30.0
WFS EPS change	%	-20.0

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

Figure 5: Bull case funding structure

Funding structure		Remarks	
Total consideration	S\$m	1,820.0	
Cash			
Cash balance	S\$m	765.1	SATS 1Q23
Eye-balled for acquisition	S\$m	300.0	
Debt			
Outstanding debt	S\$m	839.8	SATS 1Q23
Inherited WFS debt	S\$m	1,468.0	Cost of funds c. 7-8%
Refinanced rate	%	4.0	
WFS debt	S\$m	1,468.0	Cost of funds c. 7-8%
Savings	S\$m	44.0	3% cost savings
Hybrid Securities			
Debt classification	S\$m	0.0	
Percentage funding	%	0.0	
Interest rate	%	4.0	
Interest expense	S\$m	0.0	
Equity classification	S\$m	728.0	
Percentage funding	%	40.0	
Total debt	S\$m	2,307.8	
Net gearing	x	0.70	
Total equity	S\$m	1,834.0	
Post-acquisition equity	S\$m	2,626.0	Add equity consideration for WFS
Equity			
Strategic investor	S\$m	364.0	Assumed at OpCo; can be at BidCo or OpCo.
Stake	%	20.0	
Equity fund-raising	S\$m	428.0	
Current share price	S\$	3.00	
Expected discount	%	30.0	For rights issuance
Subscription price	S\$	2.10	
New shares	millions	203.8	
Shares-to-rights ratio	x	5.5	
Expanded share base	millions	1,324.9	
Earnings profile			
SATS CY24 net profit	S\$m	200.0	Blended; FY3/24F: S\$153.1m, FY3/25F: S\$215.5m
Current outstanding shares	millions	1,121.1	
Pre-acquisition EPS	S cents	17.8	
WFS CY24 net profit	S\$m	69.8	
YoY change	%	20.0	
Consolidated net profit	S\$m	269.8	
Expanded EPS	S cents	20.4	
EPS accretion/(dilution)	%	14.14	

Summary		
Current share price, i.e. cost	S\$	3.00
Rights subscription price	S\$	2.10
Shares-to-rights ratio	x	5.5
Average cost	S\$	2.86
Upside/(downside)	%	28.1
Ex-rights fair value		
@ 16x PE	S\$	3.26
@ 17x PE	S\$	3.46
@ 18x PE	S\$	3.67
@ 19x PE	S\$	3.87
@ 20x PE	S\$	4.07
Average price to current price	x	0.95
Target price	S\$	3.84
Upside/(downside)	%	28.1

Bull case		
Cash used	S\$m	300.0
Refinanced WFS interest rate	%	4.0
% of hybrid as debt	%	0.0
Interest rate on debt	%	4.0
% of hybrid as equity	%	40.0
Strategic investor stake	%	0.0
Discount to rights issue price	%	30.0
WFS EPS change	%	20.0

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

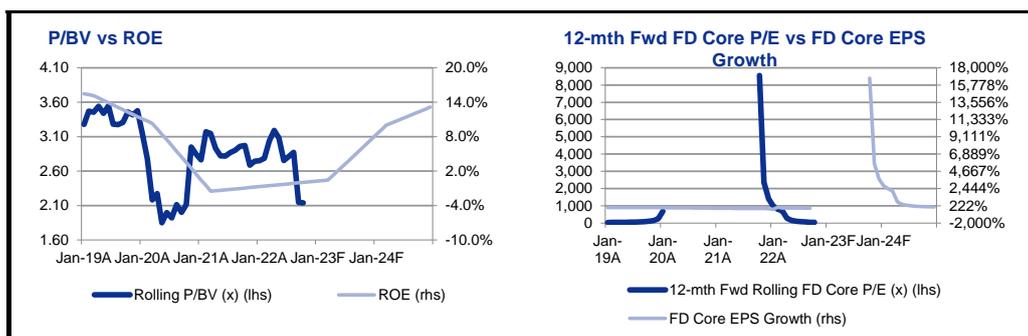
Figure 6: Earnings revision

Earnings revision	New			Old			% change		
	FY23F	FY24F	FY25F	FY23F	FY24F	FY25F	FY23F	FY24F	FY24F
Revenue	1,824.9	2,337.4	2,793.7	1,824.9	2,337.4	2,793.7	0.0%	0.0%	0.0%
Operating EBIT	(4.0)	166.1	245.3	30.7	202.0	301.1	-112.9%	-17.7%	-18.6%
Associates contribution	22.9	40.0	40.0	22.9	40.0	40.0	0.0%	0.0%	0.0%
Core profit	6.9	153.1	215.5	34.3	181.3	259.5	-79.8%	-15.6%	-17.0%
Core EPS (Scts)	0.6	13.7	19.2	3.1	16.2	23.2	-79.8%	-15.6%	-17.0%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="text-align: left;"> <h2 style="margin: 0;">ESG in a nutshell</h2> </div> <div style="text-align: center;">  </div> <div style="text-align: right;"> <h3 style="margin: 0;">Refinitiv ESG Scores</h3> <table border="1" style="margin: 0 auto; border-collapse: collapse;"> <tr> <td style="text-align: center; background-color: #90EE90;">B</td> <td style="text-align: center; background-color: #90EE90;">A+</td> <td style="text-align: center; background-color: #90EE90;">B</td> <td style="text-align: center; background-color: #90EE90;">B-</td> <td style="text-align: center; background-color: #90EE90;">B</td> <td style="text-align: center; background-color: #90EE90;">A-</td> </tr> <tr> <td style="font-size: 8px; text-align: center;">ESG Score</td> <td style="font-size: 8px; text-align: center;">ESG Controversies Score</td> <td style="font-size: 8px; text-align: center;">ESG Combined Score</td> <td style="font-size: 8px; text-align: center;">ESG Environment Pillar Score</td> <td style="font-size: 8px; text-align: center;">ESG Social Pillar Score</td> <td style="font-size: 8px; text-align: center;">ESG Government Pillar Score</td> </tr> </table> </div> </div>		B	A+	B	B-	B	A-	ESG Score	ESG Controversies Score	ESG Combined Score	ESG Environment Pillar Score	ESG Social Pillar Score	ESG Government Pillar Score
B	A+	B	B-	B	A-								
ESG Score	ESG Controversies Score	ESG Combined Score	ESG Environment Pillar Score	ESG Social Pillar Score	ESG Government Pillar Score								
<p>SATS was rated a B in its ESG combined score by Refinitiv in FY21 — Environmental: B- (weightage 29.11%); Social: B (weightage 42.72%); and Governance: A- (weightage 28.17%). We think SATS’s continued commitment to sustainability, especially in developing smart infrastructure, reduction of food and packaging waste as well as nurturing skills for the future, has streamlined the group’s ESG efforts to form closer collaborations with its customers, business partners and the community. Moving forward, SATS will continue to work at the industry level to enable greater use of renewable energy, electric vehicles, sustainable packaging, alternative proteins and skill up grading.</p>													
<p>Keep your eye on</p> <p>We think SATS’s improvement in its ESG combined score was predominantly driven by its heavy emphasis on its Environmental pillar. In FY20, SATS partnered with Sembcorp Industries to expand its rooftop solar panels to cover a total of 51,100 sq m. It is the first in Singapore to install solar thermal hybrid panels that convert solar energy into electricity and heat water concurrently. SATS expects the expansion of solar installations to yield 6k MW/h in renewable energy p.a. It also saw a 39% reduction in carbon footprint for FY20-21 (vs. FY18-19). In addition, the company plans to electrify all of its ground-handling fleet over the next 9 years to achieve 100% electrification. SATS stepped up environmental innovation in 1QFY22 with the implementation of an AI-enabled food waste tracking system, as well as the deployment of an on-site biodigester that converts waste to energy.</p>	<p>Implications</p> <p>The group’s environmental efforts are reflected in a leap in its emissions score, from a C in FY19 to a B in FY20. We believe its environmental initiatives will benefit its operations moving forward. Fundamentally, energy savings efforts could lead to margin expansion over time.</p>												
<p>ESG highlights</p> <p>According to Refinitiv, SATS is ahead of its peers in the E, S and G pillars. In particular, SATS takes the lead in the social aspect through employee training, where 11,000 employees in its aviation transport training programme clocked 3.8m learning hours across the group. In 1QFY22, SATS further strengthened its Social standing, with 24% female representation among VPs and above. In addition, a total of 5,688 staff volunteer hours were devoted across 133,732 beneficiaries.</p>	<p>Implications</p> <p>The group’s workforce score recorded an increase from a B+ in FY19 to an A- in FY20, making it one of the top three highest scoring categories within the company’s Social pillar that year. We believe the group stands to gain from its employee training efforts through improved workforce productivity and satisfaction.</p>												
<p>Trends</p> <p>SATS improved its Governance pillar score from a B in FY19 to a B+ in FY20. This was led by an increase in its shareholders score, from a C- in FY19 to a B in FY20, a direct result of its shareholder rights, equal voting rights, and shareholder engagement policies. According to Refinitiv, SATS also improved its stance on shareholders’ vote on executive pay.</p>	<p>Implications</p> <p>We believe SATS’s ramp-up in its shareholder aspect under the Governance pillar will instil greater shareholder confidence and satisfaction in the group.</p>												

SOURCES: CGS-CIMB RESEARCH, REFINITIV

BY THE NUMBERS

Profit & Loss

(\$m)	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
Total Net Revenues	970.0	1,176.8	1,824.9	2,337.4	2,793.7
Gross Profit	317.9	315.1	514.1	753.2	909.5
Operating EBITDA	120.3	77.1	161.2	334.6	394.4
Depreciation And Amortisation	(130.4)	(119.7)	(165.2)	(168.5)	(149.2)
Operating EBIT	(10.1)	(42.6)	(4.0)	166.1	245.3
Financial Income/(Expense)	(15.7)	(13.8)	(12.9)	(12.0)	(12.0)
Pretax Income/(Loss) from Assoc.	(48.0)	17.1	22.9	40.0	40.0
Non-Operating Income/(Expense)	(71.7)	12.2	0.1	0.0	0.0
Profit Before Tax (pre-EI)	(145.4)	(27.1)	6.1	194.1	273.3
Exceptional Items					
Pre-tax Profit	(145.4)	(27.1)	6.1	194.1	273.3
Taxation	36.2	31.4	(1.5)	(33.0)	(46.5)
Exceptional Income - post-tax					
Profit After Tax	(109.3)	4.3	4.6	161.1	226.8
Minority Interests	30.4	16.1	2.4	(8.1)	(11.3)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	(78.9)	20.4	6.9	153.1	215.5
Recurring Net Profit	(23.9)	(8.5)	6.9	153.1	215.5
Fully Diluted Recurring Net Profit	(23.9)	(8.5)	6.9	153.1	215.5

Cash Flow

(\$m)	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
EBITDA	120.3	77.1	161.2	334.6	394.4
Cash Flow from Invt. & Assoc.	48.0	(17.1)	(22.9)	(40.0)	(40.0)
Change In Working Capital	6.7	(0.3)	(154.5)	3.0	(45.3)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	(15.6)	33.4	23.0	40.0	40.0
Net Interest (Paid)/Received	(20.5)	(13.8)	(12.9)	(12.0)	(12.0)
Tax Paid	(21.2)	(17.0)	(1.5)	(33.0)	(46.5)
Cashflow From Operations	117.8	62.3	(7.6)	292.6	290.7
Capex	(61.5)	(77.9)	(80.0)	(80.0)	(80.0)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments	0.0	80.6	(80.0)	(80.0)	(80.0)
Other Investing Cashflow	33.2	28.4	0.0	0.0	0.0
Cash Flow From Investing	(28.4)	31.1	(160.0)	(160.0)	(160.0)
Debt Raised/(repaid)	273.6	(160.9)	(84.9)	0.0	0.0
Proceeds From Issue Of Shares					
Shares Repurchased	(1.6)	0.0	0.0	0.0	0.0
Dividends Paid	0.0	0.0	(67.3)	(179.4)	(201.8)
Preferred Dividends					
Other Financing Cashflow	(32.5)	(28.4)	0.0	0.0	0.0
Cash Flow From Financing	239.5	(189.3)	(152.1)	(179.4)	(201.8)
Total Cash Generated	328.9	(95.9)	(319.7)	(46.7)	(71.1)
Free Cashflow To Equity	363.0	(67.5)	(252.4)	132.6	130.7
Free Cashflow To Firm	109.9	107.2	(154.7)	144.6	142.7

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

BY THE NUMBERS... cont'd

Balance Sheet

(S\$m)	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
Total Cash And Equivalents	880	786	466	420	349
Total Debtors	292	388	365	397	483
Inventories	130	83	198	233	279
Total Other Current Assets	21	39	39	39	39
Total Current Assets	1,323	1,296	1,068	1,089	1,149
Fixed Assets	520	590	504	416	347
Total Investments	593	469	572	692	812
Intangible Assets	411	553	553	553	553
Total Other Non-Current Assets	245	385	385	385	385
Total Non-current Assets	1,769	1,996	2,014	2,045	2,096
Short-term Debt	143	102	102	102	102
Current Portion of Long-Term Debt					
Total Creditors	359	458	395	466	552
Other Current Liabilities	63	71	71	71	71
Total Current Liabilities	565	631	568	638	725
Total Long-term Debt	535	409	324	324	324
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	293	419	419	419	419
Total Non-current Liabilities	828	828	743	743	743
Total Provisions	0	0	0	0	0
Total Liabilities	1,393	1,459	1,311	1,382	1,468
Shareholders' Equity	1,546	1,603	1,542	1,516	1,530
Minority Interests	152	231	229	237	248
Total Equity	1,699	1,834	1,771	1,753	1,778

Key Ratios

	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
Revenue Growth	(50.0%)	21.3%	55.1%	28.1%	19.5%
Operating EBITDA Growth	(65%)	(36%)	109%	108%	18%
Operating EBITDA Margin	12.4%	6.6%	8.8%	14.3%	14.1%
Net Cash Per Share (S\$)	0.18	0.25	0.04	(0.01)	(0.07)
BVPS (S\$)	1.38	1.43	1.38	1.35	1.36
Gross Interest Cover	(0.49)	(3.09)	(0.31)	13.84	20.44
Effective Tax Rate	0.0%	0.0%	25.2%	17.0%	17.0%
Net Dividend Payout Ratio	NA	NA	970%	117%	94%
Accounts Receivables Days	127.5	105.3	75.3	59.7	57.5
Inventory Days	55.26	45.17	39.08	49.72	49.60
Accounts Payables Days	204.6	172.9	118.8	99.4	98.6
ROIC (%)	(0.6%)	0.6%	(0.2%)	8.7%	13.7%
ROCE (%)	(0.2%)	(1.8%)	(0.2%)	7.6%	11.2%
Return On Average Assets	(3.20%)	0.07%	0.45%	5.50%	7.42%

Key Drivers

	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
Revenue growth (%)	-50.0%	21.3%	55.1%	28.1%	19.5%
Operating margin (%)	-1.0%	-3.6%	-0.2%	7.1%	8.8%

SOURCES: CGS-CIMB RESEARCH, COMPANY REPORTS

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Description:	Excellent	Very Good	Good	N/A	N/A

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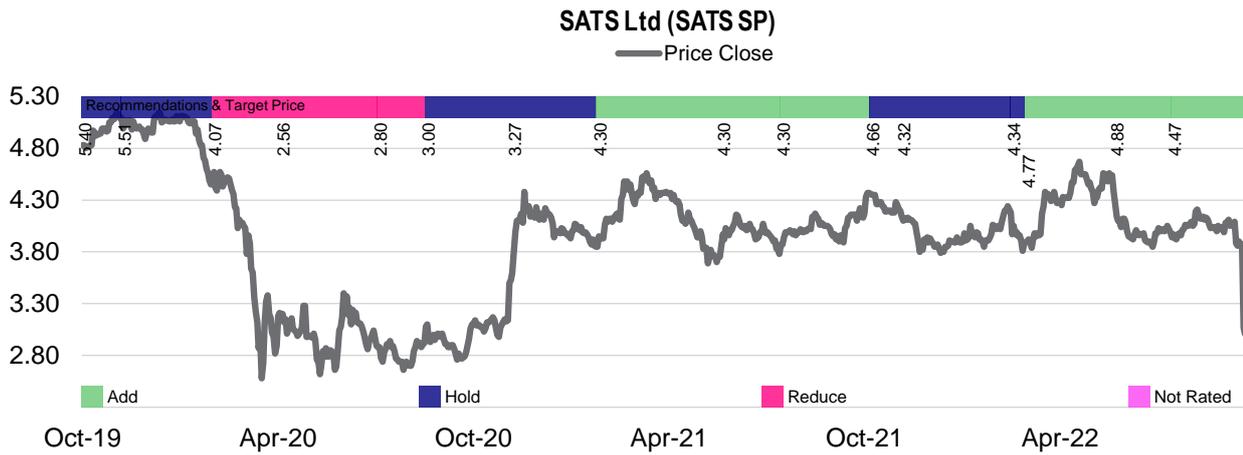
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Distribution of stock ratings and investment banking clients for quarter ended on 30 June 2022		
643 companies under coverage for quarter ended on 30 June 2022		
	Rating Distribution (%)	Investment Banking clients (%)
Add	68.4%	0.8%
Hold	24.6%	0.0%
Reduce	7.0%	0.2%

Spitzer Chart for stock being researched (2 year data)



Recommendation Framework

Stock Ratings

Definition:

Add The stock's total return is expected to exceed 10% over the next 12 months.

Hold The stock's total return is expected to be between 0% and positive 10% over the next 12 months.

Reduce The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

Overweight An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.

Neutral A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.

Underweight An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

Overweight An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.

Neutral A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.

Underweight An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.